

Message Text

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ORIGIN OPIC-06

INFO OCT-01 NEA-09 ISO-00 EB-07 TRSE-00 OMB-01 AID-05

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DRAFTED BY: OPIC/F/ASIA:BLBOSTWICK

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R 112203Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY ISLAMABAD

INFO AMCONSUL KARACHI

UNCLAS STATE 054541

E.O. 11652: N/A

TAGS: EFIN, EINV

SUBJECT: RAFHAN MAIZE PRODUCTS CO., LTD. - OPIC AUTHORIZATION
OF LOCAL CURRENCY LOAN

OPIC IS PROCESSING A LOCAL CURRENCY LOAN IN THE U.S. DOLLAR
EQUIVALENT OF 2 MILLION FOR SUBJECT COMPANY. AUTHORIZATION IS
SCHEDULED O/A MARCH 26. THIS WILL BE THE FIRST LOCAL CURRENCY
LOAN FROM U.S. SOURCES TO A PRIVATE COMPANY IN PAKISTAN IN
APPROXIMATELY FIVE YEARS. OPIC WOULD LIKE TO INSURE THAT EVERY-
THING PROCEEDS AS SMOOTHLY AS POSSIBLE. IN THIS RESPECT, WOULD
LIKE TO CLARIFY OR HAVE CLARIFIED THE FOLLOWING POINTS:

1) GOP NON-OBJECTION - RAFHAN HAS INDICATED THAT IT HAS RECEIVED
ALL APPROVALS NECESSARY TO IMPLEMENT THE PROJECT, INCLUDING
APPROVAL OF THE DRAFT OPIC LOAN AGREEMENT. IT HAS BEEN PAST
PRACTICE TO OBTAIN "NON-OBJECTION" OF THE GOP FOR THE USE OF
U.S.- OWNED LOCAL CURRENCIES IN SUCH PROJECTS. CONGEN KARACHI
MEMCON OF 8 JAN 1975 (L.S. ALLAN) INDICATES THAT RAFHAN MAIZE
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HAS RECEIVED APPROVAL OF IPS RPT IPS AND CIPCOC RPT CIPCOC

FOR PROJECT AND OPIC LOCAL CURRENCY LOAN. WOULD APPRECIATE YOUR VERIFICATION THAT THESE APPROVALS CONSTITUTE THE REQUISITE GOP "NON-OBJECTION".

2) LOAN CLOSING - CLOSING, INCLUDING REVIEW OF DOCUMENTATION, WILL LIKELY TAKE PLACE IN WASHINGTON. MAY NEED EMBASSY OR CONGEN ASSISTANCE IN FORWARDING OF DOCUMENTS AND LEGAL OPINIONS.

3) ALLOCATION AND ACCOUNTS - OPIC WILL SHORTLY REQUEST OMB ALLOCATION OF LOCAL CURRENCY FUNDS FROM U.S.-USES ACCOUNT TO AN OPIC ACCOUNT FOR PROJECT LOAN. UPON TREASURY RECEIPT OF OMB APPROVAL OF ALLOCATION, UNDERSTAND PROCEDURE WILL BE FOR TREASURY (WASH.) TO REQUEST TREASURY (PAKISTAN) TO MAKE CHANGE FROM U.S.-USES ACCOUNT TO OPIC ACCOUNT AT STATE BANK OF PAKISTAN. PLEASE NOTE THAT OPIC DOES NOT AS YET HAVE A LOCAL CURRENCY ACCOUNT IN PAKISTAN.

4) DISBURSEMENT AND REPAYMENT - UPON SATISFACTION OF LEGAL CONDITIONS PRECEDENT FOR DISBURSEMENT OF LOAN AND ESTABLISHMENT OF ACCOUNTS, WOULD HOPE TO ASK AMBASSADOR OR OTHER APPROPRIATE USG OFFICIAL TO PRESENT CHECK TO RAFHAN MAIZE ON BEHALF OF OPIC. ONCE LOAN IS DISBURSED, UNDERSTAND ACCOUNTS AND REPAYMENTS ARE HANDLED THROUGH AGENT BANKS AND USDO PAKISTAN IN THE SAME MANNER AS PRESENT COOLEY LOANS ARE HANDLED.

5) TERMS OF LOAN - FOR YOUR REFERENCE, BASIC TERMS OF OPIC LOAN AS PROPOSED TO RAFHAN AND INCLUDED IN DRAFT LOAN AGREEMENT SENT TO IPS ARE:

INTEREST - NINE AND ONE-HALF (9-1/2) PERCENT SUBJECT TO APPROVAL OF APPROPRIATE GOP AGENCY.

MATURITY - DECEMBER 31, 1982

REPAYMENT - SEMI-ANNUAL, BEGINNING APPROXIMATELY DEC 31, 1975 (THIS MAY BE EXTENDED TO DEC 31, 1976 DEPENDING ON NEGOTIATIONS WITH THE COMPANY.)

PRINCIPAL AMOUNT - NINETEEN MILLION, EIGHT HUNDRED THOUSAND (19,800,000) PAKISTANI RUPEES.
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ANY COMMENTS OR RECOMMENDATIONS FROM EMBASSY, AMCONSUL KARACHI OR USDO WOULD BE APPRECIATED. INGERSOLL

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